

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 ADDITIONAL ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for higher education

DEST Question No. E876_04

Senator Stott Despoja provided in writing

Question:

What impact does DEST project that an 8% increase of the cost of textbooks, up to a 25% increase in HECS, a 20% surcharge fee on undergraduate FEE-HELP loans, the closure of the SFSS and the fact that the new Commonwealth Learning Scholarships only cover up to 30% of their targeted equity groups from 2005, will have on the participation of disadvantaged students from 2005?

Answer:

Impact of cost increase on participation of disadvantages students from 2005

Our Universities: Backing Australia's Future (BAF) package provides considerable additional funding to enhance equity of access including:

- No student will be required to pay a student contribution up front. Repayment of HECS-HELP and FEE-HELP charges is contingent on future incomes, not on students' existing financial situation.
- Under the new loan programme, FEE-HELP, students will be able to borrow an amount up to the full tuition fee charged by their higher education provider, subject to a maximum of \$50,000 over the student's lifetime. There is a once-only 20 per cent loan fee which applies to undergraduate fee-paying units of study. In comparison with a real rate of interest of 3.5 per cent for ten years, the loan fee equates to an interest rate of less than 2 per cent over a 10 year period. The loan fee does not count towards the \$50,000 limit.
- The Commonwealth Learning Scholarships (CLS) Programme will provide approximately \$327 million over five years to students from low socio-economic backgrounds, including Indigenous students and students from rural and regional areas. By 2008 approximately 40,000 scholarships will have been offered. Eligible students in receipt of both forms of scholarship assistance – the Commonwealth Education Costs Scholarship and Commonwealth Accommodation Scholarship - will receive \$6,000 per year for up to four years. Commonwealth Learning Scholarships will not be counted as income under the income tests for income support (Social Security, Veterans Affairs and ABSTUDY).